

# Asia's Evolving Online Travel Market

A Digital Travel  
Report



**Digital Travel APAC  
2016 was the best  
digital marketing  
event I have been  
to in the past five  
years. Excellent  
work and an  
outstanding event.**

– Michael Nurbatlian,  
Director of Marketing,  
Infinite Luxury

# TABLE OF CONTENTS

INTRODUCTION	4
WINNING IN ASIA'S CHANGING LOYALTY LANDSCAPE	5
<b>PART 1 - BUSINESS GROWTH &amp; INVESTMENT</b>	6
<b>PART 2 - PERFORMANCE &amp; TESTING</b>	12
ABOUT WBR DIGITAL	22
ABOUT SAPIENTRAZORFISH	23

# INTRODUCTION

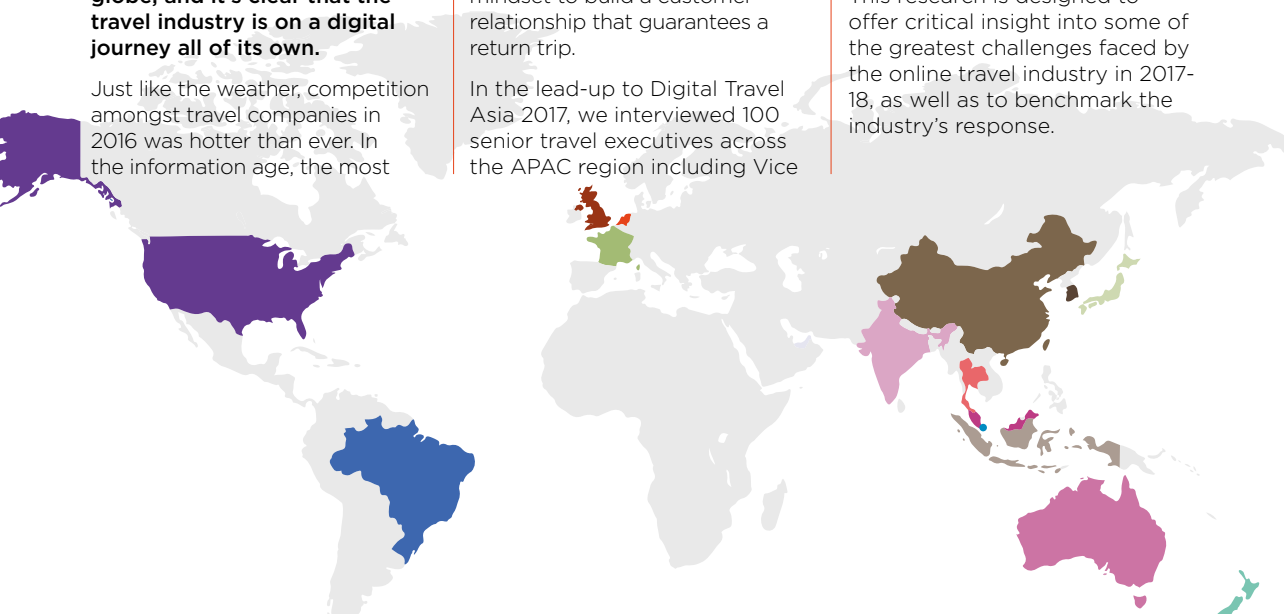
The internet has affected every single business across the globe, and it's clear that the travel industry is on a digital journey all of its own.

Just like the weather, competition amongst travel companies in 2016 was hotter than ever. In the information age, the most

successful travel companies will be those who use a data-driven mindset to build a customer relationship that guarantees a return trip.

In the lead-up to Digital Travel Asia 2017, we interviewed 100 senior travel executives across the APAC region including Vice

Presidents of Marketing and Directors of Digital Marketing. This research is designed to offer critical insight into some of the greatest challenges faced by the online travel industry in 2017-18, as well as to benchmark the industry's response.



## RESPONDENTS BY REGION

Singapore	<b>34%</b>	New Zealand	<b>2%</b>
Malaysia	<b>14%</b>	Japan	<b>2%</b>
India	<b>14%</b>	UAE	<b>2%</b>
China	<b>7%</b>	Brazil	<b>1%</b>
Australia	<b>5%</b>	France	<b>1%</b>
Thailand	<b>5%</b>	Korea	<b>1%</b>
Indonesia	<b>5%</b>	Netherlands	<b>1%</b>
USA	<b>4%</b>	UK	<b>1%</b>

## RESPONDENTS BY SECTOR



# WINNING IN ASIA'S CHANGING LOYALTY LANDSCAPE

**The quintessentially Asian quest for self improvement, coupled with the disruption of the sharing economy, is driving a new era in Asia's travel and hospitality sector. Loyalty, once the backbone of travel brands, has morphed into an almost unrecognisable form.**

**The question becomes, then, how can travel and hospitality brands win amidst the backdrop of Asia's changing loyalty landscape?**

For many of the travel industry's decision makers, the answer to that question is data. This year's Digital Travel APAC Benchmark Report highlights a conflict when it comes to the immense value data presents while we all agree data to be the power seat of loyalty, more than 4 out of 5 of the region's decision makers recognise that they are ill equipped to provide customer value and increase loyalty with their current data analytics capabilities. For those playing catch-up, it's a comforting statistic to know you're not alone.

This same data makes CEOs nervous, since, for those 4 out of 5 who are ill equipped, the news is not good. With the help of data, that fifth brand is poised to leapfrog competitors and steal share, fast. How? By providing a personalised, premiumised experience—and this is exactly the type of interaction today's tech-savvy travellers expect.

On a more positive note, it's great to see APAC decision makers striving to meet and communicate with travellers where they are most comfortable: on mobile. Mobile and travel are, after all, inextricably linked, and to make travellers feel comfortable transacting on mobile, brands are now deploying user

reviews and secured payment options as a means of assuring customers that their travel choices are the right ones.

Though almost half of the respondents of the study consider themselves at the forefront of offering a seamless cross-device customer experience, there is strong emphasis on enhancing the experience and improving cross-device tracking. Global brands in our region tend to stumble in this area.

At SapientRazorfish, we know that APAC travellers have higher expectations of the online experience offered by brands. Those measuring online experience as a global metric can be in for a shock.

So what will this year bring? Expect to see stronger growth in ancillary sales. Such is a sphere that may be further bolstered as travel brands compete directly with OTAs, facilitating a relationship that affords direct sales for a range of travel products and services. This new model also has huge implications for data analytics capabilities—for both customer-facing insights and better supply chain management.

When it comes to content, our research also shows that travel

industry decision makers are placing comparatively less priority on traditional areas like inspiration and research when a customer begins their journey. In 2017, they'll shift the focus of their content to delivering an optimal travel experience from the trip's inception, at the research and planning stage, right through to its end.

Partnerships will also play an important role in the creation and dissemination of content in 2017. In a smart move, decision makers will partner with media platforms to motivate travellers and distinguish themselves from competitors, so expect to see more collaboration with media platforms for extended reach.

The likes of Ctrip, Airbnb and Dianping have transformed the travel and hospitality industry and raised consumer expectations. Destinations, airlines, hotels, food & beverage and leisure & entertainment businesses now all need to find their own way to convert direct and referred visitors into loyal repeat members. This is done by offering travellers a service they want to use on a regular basis, and by rewarding them in return for doing so. This ability for customers to 'upgrade their life' will come to define modern loyalty.

## IMPLICATIONS: NEXT STEPS FOR TRAVEL AND HOSPITALITY BUSINESSES

1. Develop a compelling and differentiated end-to-end customer experience management programme with an emotional loyalty value proposition combining content, commerce and utility.
2. A single view of the customer will drive a personalised and frictionless traveller experience across all channels. Each travel brand needs to find their own unique way of doing this. You don't have to reinvent the wheel, but you can leapfrog the competition by using messenger ecosystems like WeChat or Line, for example.



**Seton Vermaak,**  
Travel &  
Hospitality  
Lead SEA,  
SapientRazorfish

# **PART 1**

# **BUSINESS GROWTH & INVESTMENT**

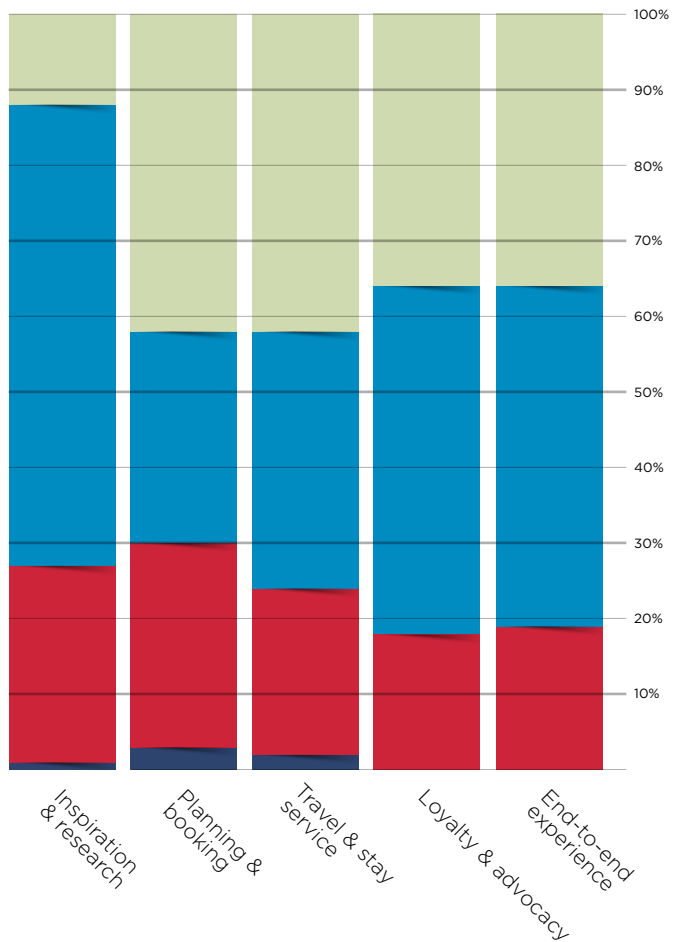
# WHERE DO YOUR BUSINESS PRIORITIES LIE IN 2017?

THE BUSINESS PRIORITIES OF ASIA'S TRAVEL SECTOR ARE SHIFTING IN 2017, WITH MORE FOCUS NOW ON LOYALTY, ADVOCACY & A BETTER END-TO-END EXPERIENCE.

Traditionally, inspiration and research have been priorities for the travel sector. Brands and destinations have focused on gaining the attention of travellers and selling a dream travel experience. Now, thanks to digital and social media, this is less of a priority. In today's more competitive environment, we're seeing a shift in focus toward loyalty and advocacy, as well as delivering a better end-to-end experience. Advocacy is the inspiration and research of a new generation, and 'Loyalty 3.0' is upon us - a movement that sees travellers demanding both a more seamless and inspiring end-to-end experience.

**Seton Vermaak,**  
Travel & Hospitality Lead SEA,  
SapientRazorfish

- Very high priority
- High priority
- Low priority
- Very low priority



# WHAT ARE YOUR BIGGEST AREAS OF FOCUS FOR THE NEXT 12 MONTHS?

RESPONDENTS WERE INVITED TO SELECT ALL THAT APPLY

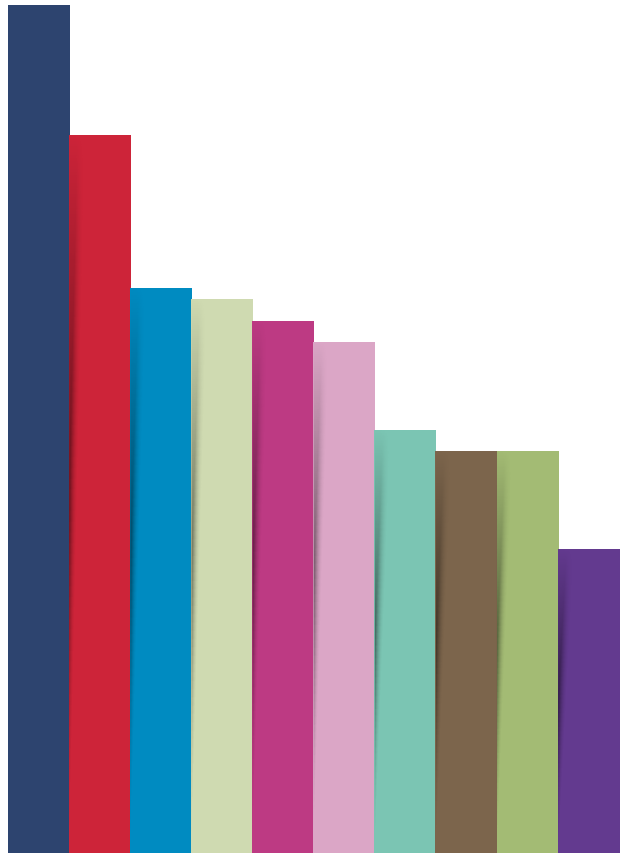
DATA ANALYTICS IS THE MOST DOMINANT AREA OF FOCUS FOR ASIA'S TRAVEL INDUSTRY IN 2017. ALMOST 80% OF BUSINESS LEADERS REPORT DATA ANALYTICS AS AN AREA OF FOCUS FOR THE YEAR, THIS IS A CONSEQUENCE OF THE INCREASING LEVELS OF COMPETITION AMONGST TRAVEL COMPANIES IN ASIA-PACIFIC.

Data is the lifeblood of any successful business and it runs deep in the travel sector. Data allows us to better understand and serve Asia's travellers - to meet their expectations for a personalised and premiumised experience each and every time they travel. As Asia's travel industry becomes increasingly competitive, brands are realising they need to better serve their customers in order to maintain their share of the market.

Equally, data is the secret weapon empowering employees to excel at their jobs, to serve customers with ease and professionalism and achieve higher rates of job satisfaction.

Data facilitates smarter, leaner, more profitable ways of doing business, so it's no surprise that smart decision makers see it as a key area of focus for 2017.

**Seton Vermaak,**  
Travel & Hospitality Lead SEA,  
SapientRazorfish



- Implementing data analytics **78%**
- Customer acquisition **66%**
- Getting better at cross-device tracking **52%**
- Mobile app marketing **51%**
- Increasing ancillary sales **49%**
- Reducing online basket abandonment **47%**
- Determining new KPIs **39%**
- Re-platforming your eCommerce sites **37%**
- Optimising mobile UX **37%**
- Creating bi-directional engagements via social media **28%**



# WHICH SOLUTION PROVIDERS ARE YOU LOOKING TO PARTNER WITH IN THE NEXT 12 MONTHS?

RESPONDENTS WERE INVITED TO SELECT ALL THAT APPLY

IN 2017, MOBILE IS THE NEW HUNTING GROUND FOR ASIA'S TRAVEL INDUSTRY WITH MORE THAN 75% OF TRAVEL BRANDS NOW WORKING WITH MOBILE SOLUTION PROVIDERS.

Asia's travel brands have worked hard in recent years to establish near industry-wide eCommerce offerings for travellers. Mobile is the hunting ground of 2017, and those who don't transact with travellers online are sure to be left behind.

Brands are using mobile in so many ways, like messaging platforms, for example, to provide services that go beyond superficial engagement and extend towards every aspect of customer service.

**Seton Vermaak,**  
Travel & Hospitality Lead SEA,  
SapientRazorfish



- eCommerce platforms **86%**
- Payments **84%**
- Mobile **77%**
- Personalisation **50%**
- CRM/CEM **29%**
- Consultants **28%**
- Ancillary sales **17%**

# WHAT PERCENTAGE OF YOUR COMPANY'S SALES CAN BE ATTRIBUTED TO ANCILLARY SALES?

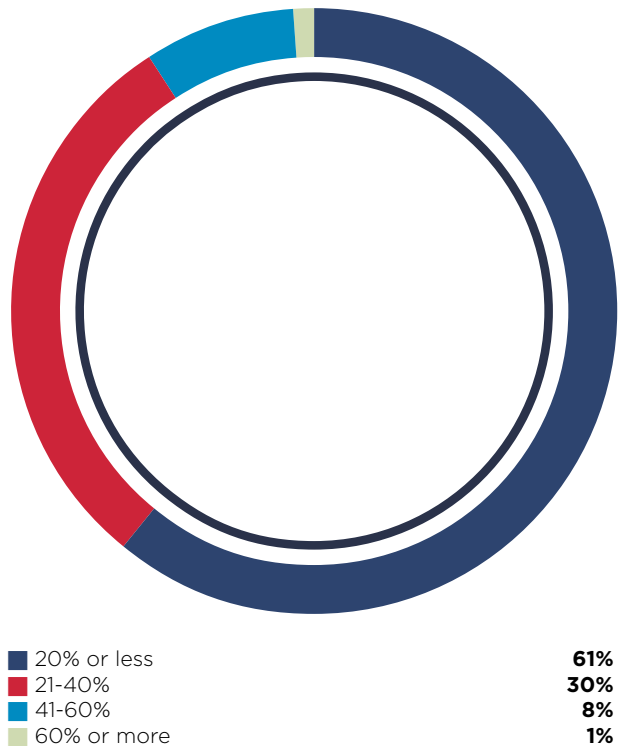
ANCILLARY SALES PRESENT AN ADVANTAGE FOR BRANDS: FOR EXAMPLE, HOTELS CAN OFFER ADDITIONAL F&B OR EXPERIENCES - THIS MODERN FORM OF SERVICE DRIVES LOYALTY.

Ancillary sales are about more than just face value revenue generation: they present a utility that heightens the end-to-end experience for travellers. These types of suggestions allow brands to showcase how well they know a traveller, to foster a relationship by showing an understanding of their need for convenience.

This is an important driver for the new loyalty offering expected by today's traveller. More than this, though, ancillary sales provide even more data - more information to share with strategic partners and to feed back into better understanding a customer.

Whilst these figures aren't surprising, it's important we remember that the value to be found in this part of the business is beyond mere face value revenue generation.

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Travel & Hospitality Lead SEA,  
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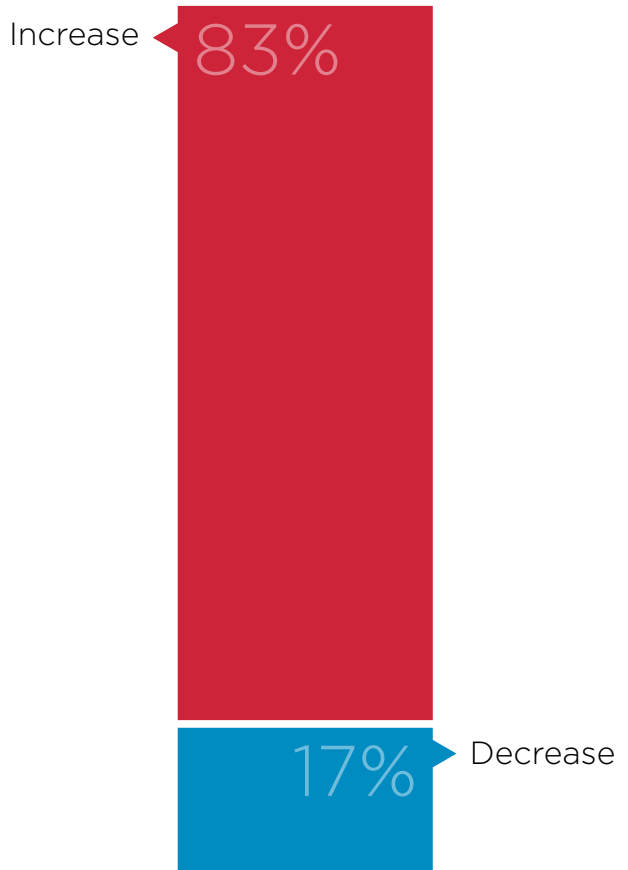
# DO YOU EXPECT THIS TO INCREASE OR DECREASE IN THE NEXT 12 MONTHS?

TRAVEL INDUSTRY LEADERS ARE ALIGNED ON THE VALUE PRESENTED BY ANCILLARY SALES.

Today's business leaders are taking a more holistic view of the travel journey. For airlines, it's about more than just the flight, and successful hotel brands are going beyond merely offering a room. Many brands are shifting their focus to creating a better end-to-end experience for travellers (see page 7).

With the modern consumer model, it's about enabling the customer experience throughout the entire journey, and ancillary sales are at the heart of this extended offering.

**Seton Vermaak,**  
Travel & Hospitality Lead SEA,  
SapientRazorfish



**PART 2**

**PERFORMANCE  
& TESTING**

# ON WHICH OPTIMISATION CAPABILITIES ARE YOU PRIMARILY FOCUSING ON DURING THE NEXT 12 MONTHS?

RESPONDENTS WERE INVITED TO SELECT ALL THAT APPLY

IN 2017, TRAVEL BRANDS ARE FORMING A SINGLE VIEW OF THEIR CUSTOMERS. MORE THAN SEVEN OUT OF TEN BRANDS ARE OPTIMISING FOR A MORE MOBILE AND STREAMLINED END-TO-END CUSTOMER EXPERIENCE.

Connected APAC travellers need connected solutions that are optimised for mobile. The key here is to create full, dynamic experiences that can be consumed in bite-sized chunks, anytime, anywhere, on different devices and in different need states.

Travellers are researching, booking, updating and sharing in increments across multiple devices. The expectation is that all of a brand's content and utility can be accessed on any device, so that the modern traveller can view marketing, commerce and customer service all through a single lens.

**Seton Vermaak,**  
Travel & Hospitality Lead SEA,  
SapientRazorfish



- Mobile optimisation **73%**
- Optimising the customer journey **70%**
- Improved post-purchase sale opportunities **52%**
- Product recommendations **51%**
- Deep personalisation **48%**
- Real-time reporting and customer insights **48%**
- Streamlining the cross-device experience **47%**
- Ancillary product filtering for customer personas **25%**
- Dynamic machine learning **12%**

# TO WHAT EXTENT ARE YOU USING DATA ANALYTICS TO PROVIDE DIRECT CUSTOMER VALUE AND / OR INCREASE CUSTOMER LOYALTY?

85% OF TRAVEL LEADERS ARE PLANNING TO INCREASE CUSTOMER LOYALTY BY IMPROVING THEIR DATA ANALYTICS CAPABILITIES.

Brands that have a well-developed data analytics system in place have a distinct advantage over their competitors. When captured and applied astutely, data allows brands to provide an informed, personalised experience for travellers. It also provides intelligence that can impact the entire business, from employees right through to supply chain.

With only 15% of the industry feeling confident that their data offering is sufficiently developed, there is a lot of room for improvement.

**Seton Vermaak,**  
Travel & Hospitality Lead SEA,  
SapientRazorfish



- We're in the process of implementing a system **46%**
- We have a system in place but we want something better **39%**
- We have a well developed system in place and we're happy **15%**

# WHAT ARE YOU FOCUSING ON IN ORDER TO ACHIEVE MORE PERSONALISED CUSTOMER EXPERIENCES?

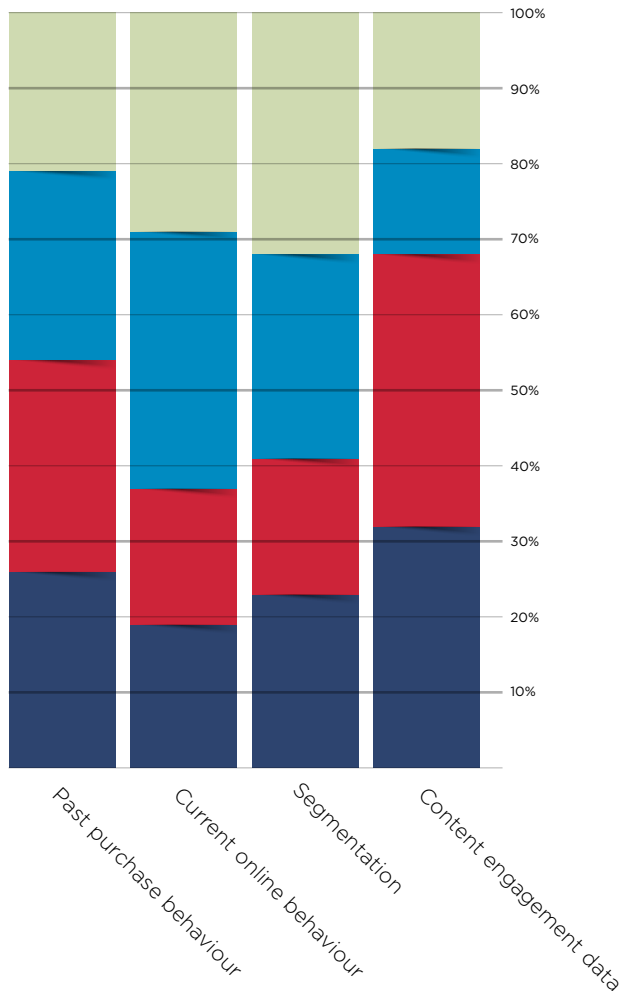
DISCOVERING YOUR CUSTOMERS' TRAVEL AND SHOPPING PREFERENCES IS NOW A REAL-TIME ACTIVITY. THIS, ALONG WITH MORE EMPHASIS ON SEGMENTATION, DEMONSTRATES A FOCUS ON CREATING PERSONALISED EXPERIENCES FOR THE CUSTOMER.

Real-time analytics of online behaviour has leapfrogged traditional areas of focus such as past purchase behaviour, and this is one notable example of the ways in which our industry is maturing.

A key concern remains, however, that decision makers aren't seeing the advantages of using content engagement data. Monitoring how engaged a traveller is with certain content can be extremely beneficial - if a customer is serious about a purchase, they'll engage with content. Content engagement data is a valuable way of personalising the customer experience.

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Travel & Hospitality Lead SEA,  
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- Very high priority
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# WHAT ARE YOU DOING TO MAKE CUSTOMERS MORE CONFIDENT AND COMFORTABLE WHEN BOOKING VIA A MOBILE DEVICE?

RESPONDENTS WERE INVITED TO SELECT ALL THAT APPLY

SOCIAL PROOF IS THE LEADING TACTIC USED BY TRAVEL BRANDS TO BUILD TRUST WHEN BOOKING ON MOBILE. 70% OF BRANDS USE USER REVIEWS TO MAKE CUSTOMERS FEEL COMFORTABLE AND CONFIDENT WHEN BOOKING.

The pairing of mobile and travel is organic: by its very nature, travel is mobile. As many brands attempt to lure travellers away from OTAs and generate direct sales, mobile commerce becomes a must.

Whilst travellers want convenience, certainly, they also want to feel comfortable with ePayments. Though Chinese consumers have a low barrier to entry for mobile commerce, many non-Chinese travellers feel wary of paying on mobile devices. Because of this, brands are rightly employing user review systems and secured payment options as a means of assuring customers that their travel choices are both safe and suited to them.

**Seton Vermaak,**  
Travel & Hospitality Lead SEA,  
SapientRazorfish



■ User reviews	<b>70%</b>
■ Trusted payment options	<b>69%</b>
■ General website / app design	<b>66%</b>
■ Focusing on a seamless payment experience	<b>55%</b>
■ Visibility on fees and taxes applicable	<b>36%</b>



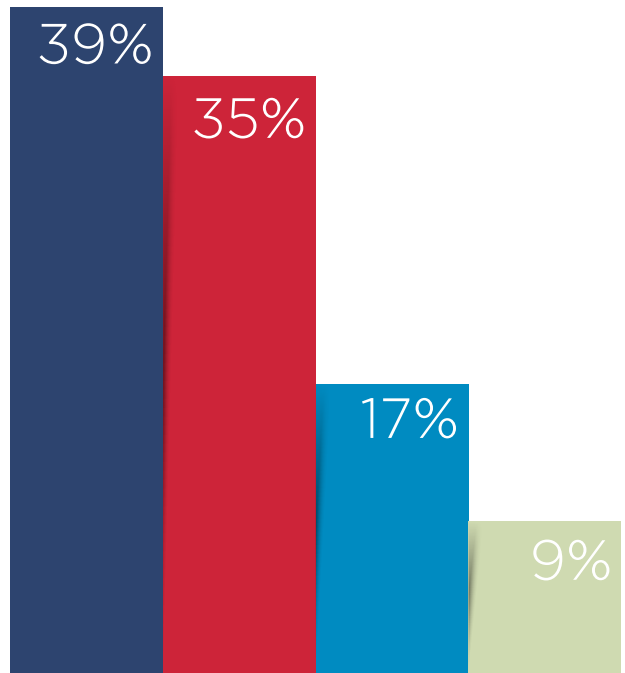
# HOW DO YOU PLAN TO ACHIEVE A FRICTIONLESS CUSTOMER EXPERIENCE?

FEWER THAN TWO OUT OF FIVE MARKETERS RECOGNISE THE POWER OF USING EXISTING PLATFORMS FOR CRM. THIS PRESENTS A HUGE OPPORTUNITY FOR BRANDS TO LEAPFROG THEIR COMPETITORS. THESE EXISTING PLATFORMS, SUCH AS WECHAT, ARE WHERE CONTENT, COMMERCE AND CRM MEET – THEY'RE A READY-MADE SWEET SPOT TO BUILD AND MANAGE A RELATIONSHIP WITH CUSTOMERS.

This is an interesting area for brands. There is a common misconception that engagement needs to happen on the same channel a customer was acquired on: if I acquire a customer on Facebook, for example, I must cultivate my relationship with that customer on Facebook. This is a pitfall for many travel brands.

Brands need to create a CRM programme that works on the social platform of choice for their target market. We needn't, and indeed shouldn't, reinvent the wheel here. The key is to fit the brand into people's lives and habits as they exist already, not to create new platforms to engage them from scratch. Convenience is king, and travellers don't like to be relocated from their established ecosystems.

**Seton Vermaak,**  
Travel & Hospitality Lead SEA,  
SapientRazorfish



- Use existing social CRM channels for eCommerce and CRM e.g. WeChat, Facebook **39%**
- Primary acquisition and primary engagement channel **35%**
- Develop an O2O plan to flow according to customer behaviour **17%**
- Same transaction capability across all channels **9%**

# HOW ADVANCED DO YOU CONSIDER YOURSELF IN TERMS OF OFFERING A SEAMLESS CROSS-DEVICE CUSTOMER EXPERIENCE?

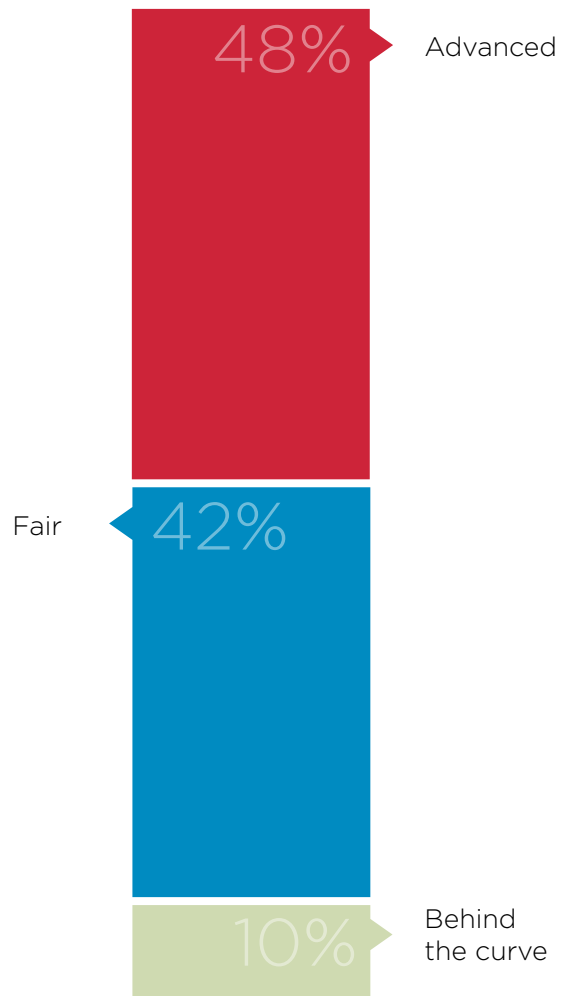
BRANDS' OWN EVALUATION OF THEIR CROSS-DEVICE CUSTOMER EXPERIENCE CAN BE MISLEADING. SURPRISINGLY, 90% OF TRAVEL BRANDS CONSIDER THEIR CROSS-DEVICE CUSTOMER EXPERIENCE TO BE AT LEAST 'FAIR'. FEEDBACK FROM CUSTOMERS, HOWEVER, CONTRADICTS THIS.

I often find that a customer's definition of a 'seamless experience' can differ considerably from the benchmarks we set as an industry. If 90% of brands consider their cross-device customer experience as 'seamless', I fear they may be in for a surprise.

At SapientRazorfish, we know from our own research that travellers in APAC are tenacious for technology. What's more, their expectations of technology and the online experiences provided by brands are the highest in the world, which means that even if your US customers are satisfied, it's likely that your APAC customers are not.

We embrace technology faster in this region: as marketers and product managers, we have to be ahead of our peers in the West when it comes to offering a seamless cross-device customer experience. This is an area in which brands should be ever-evolving.

**Seton Vermaak,**  
Travel & Hospitality Lead SEA,  
SapientRazorfish



# WHAT IS DRIVING COMPETITIVE ADVANTAGE FOR THE NEXT PHASE OF YOUR GROWTH?

RESPONDENTS WERE INVITED TO SELECT ALL THAT APPLY

THE IMPORTANCE PLACED ON THE FRONTLINE EXPERIENCE FOR TRAVEL AND HOSPITALITY BRANDS HARKS A RETURN TO THE CORE OF HOSPITALITY - TO BE HOSPITABLE. IN TODAY'S MARKET THAT MEANS PROVIDING A GREAT PERSONAL SERVICE AND TECHNOLOGY HAS AN IMPORTANT ROLE TO PLAY.

The quintessentially Asian quest for self-improvement, coupled with the disruption of the sharing economy, is driving a new era in loyalty.

Travel and hospitality brands can win amidst Asia's changing loyalty landscape by using data to create more personalised and premiumised experiences for travellers. Often in the service industry, frontline staff deliver these next-generation loyalty experiences.

Technology can take the lead in crafting a seamless planning experience, but it's the experience on-the-ground that truly makes or breaks a traveller's intention to recommend a brand and to remain loyal when it comes to further travel opportunities.

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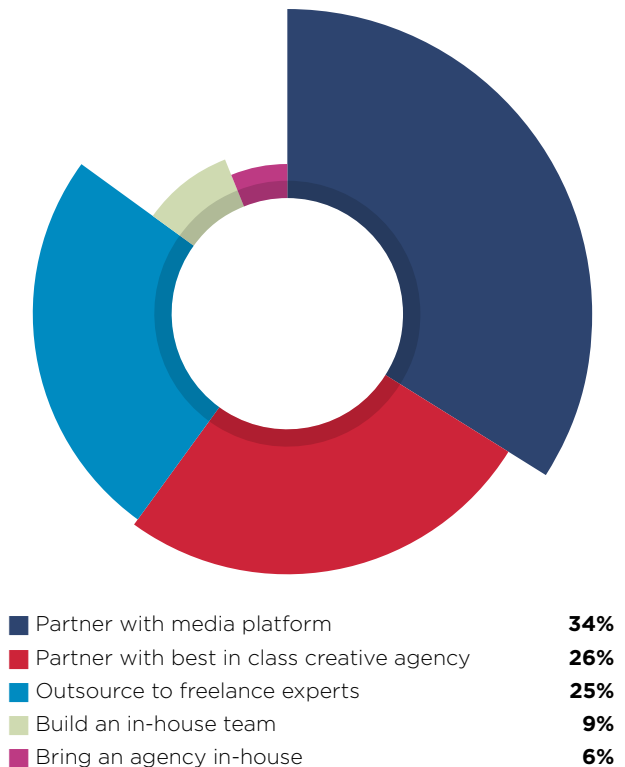
- Frontline staff service experiences **64%**
- Sharing economy transformational opportunities **62%**
- Extended real time rewards earn and burn experiences **60%**
- Affiliations and partnerships with platforms or brands **59%**
- Consumers demanding price deals and local experiences **40%**
- More real-time rewards and earn and burn experiences **29%**

# WHAT IS YOUR STRATEGY FOR USING CONTENT AS A DIFFERENTIATOR?

IN 2017, EXPECT TO SEE MORE STRATEGIC PARTNERSHIPS WITH CONTENT EXPERTS AND COLLABORATIONS WITH MEDIA PLATFORMS FOR EXTENDED REACH.

Content is a powerful differentiator for travel brands. Industry leaders understand content as a specialised craft, and many companies simply don't have the resources to build an in-house team. Expect to see more strategic partnerships with content experts and collaborations with media platforms in order to achieve extended reach. Travel and hospitality decision makers will partner with media platforms to motivate travellers and distinguish themselves from competitors.

**Seton Vermaak,**  
Travel & Hospitality Lead SEA,  
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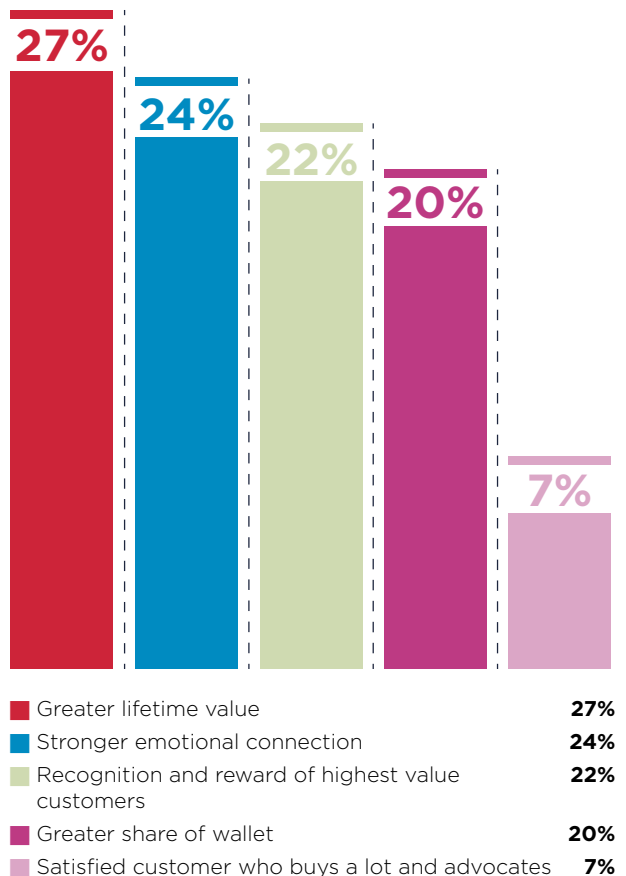
# HOW DO YOU DEFINE LOYALTY TO YOUR BUSINESS AND BRAND INTERNALLY?

IT'S EVIDENT THAT LOYALTY MEANS SOMETHING DIFFERENT TO EVERY BUSINESS. EACH COMPANY MUST WORK TO IDENTIFY THEIR OWN DEFINITION OF LOYALTY.

My question to brands is this: can you put a fiscal value on what a customer is worth to you over a lifetime? If you can't, there's some homework to be done. You need a practical understanding of just how much a lifetime customer is worth - that way, you know how much you're losing if you fail to satisfy them.

It's impossible to have a real conversation about acquisition and loyalty without having a grasp on the fiscal value of a lifetime customer. Often, brands have a definition of loyalty that is unique to their business, but it's always imperative to know how much that loyalty is worth.

**Seton Vermaak,**  
Travel & Hospitality Lead SEA,  
SapientRazorfish



## ABOUT WBR DIGITAL

### WBR DIGITAL

At WBR Digital we design and execute bespoke content marketing campaigns, delivering insightful content to our high-level audience all year round.

We are a team of marketers, researchers and writers with a passion for content with a creative twist. From research-based whitepapers focused on your priorities, to benchmarking reports, infographics and webinars, we can help you to inform and educate your readers and reach your marketing goals at the same time.

#### Contact us to find out how your business could benefit from:

- ➔ Year-round access to the wider WBR event database
- ➔ Lead generation campaigns that fit your priorities
- ➔ In-depth research on current fast-moving issues and future trends
- ➔ Promoting your expertise a thought leader in your field

## CONTACT

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## ABOUT SAPIENTRAZORFISH

### SapientRazorfish

SapientRazorfish is a new breed of transformation partner helping companies reimagine their business through radical customer-centricity. With more than 23,000 employees and 50 offices around the globe, our capabilities span growth and business model strategy, new product and service innovation, customer experience, enterprise digital transformation, IT modernisation, omni-channel commerce, precision marketing, change management, digital operations, digital innovation, data strategy and advanced analytics.

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